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K-06-61

CONFIDENTIAL

Form 3160-3
(April 2004)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007

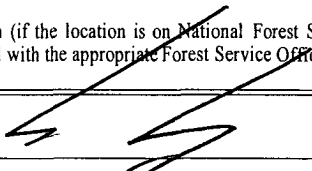
1314

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMNM 017224	
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name	
2. Name of Operator 147179 CHESAPEAKE OPERATING, INC. ATTN: LINDA GOOD		7. If Unit or CA Agreement, Name and No.	
3a. Address P.O. BOX 18496, OKLAHOMA CITY, OK 73154-0496		8. Lease Name and Well No. Queen Lake 19 Federal 2 301175	
3b. Phone No. (include area code) 405-767-4275		9. API Well No. 30-015-35575	
4. Location of Well (Report location clearly and in accordance with any State requirements.*) At surface 2550 FNL 1649 FWL, SENW At proposed prod. zone SAME		10. Field and Pool, or Exploratory Malaga; Bone Spring	
11. Sec., T. R. M. or Blk. and Survey or Area 19-24S-29E		12. County or Parish Eddy County	
13. State NM		14. Distance in miles and direction from nearest town or post office* 3 MILES SE OF MALAGA, NEW MEXICO	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)		16. No. of acres in lease 959.1	
17. Spacing Unit dedicated to this well 40		18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	
19. Proposed Depth 6600		20. BLM/BIA Bond No. on file NM2634	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 2956 GR est / 2974 KB est		22. Approximate date work will start*	
23. Estimated duration		24. Attachments	

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification
- Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature 	Name (Printed/Typed) Henry Hood	Date 8/18/06
Title Sr. Vice President - Land & Legal & General Counsel		
Approved by (Signature) /s/ Tony J. Herrell	Name (Printed/Typed) /s/ Tony J. Herrell	Date SEP 27 2006
Title FIELD MANAGER	Office CARLSBAD FIELD OFFICE	

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

APPROVAL FOR 1 YEAR

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on page 2)

Witness Surface Casing

Carlsbad Controlled Water Basin

RECEIVED
OCD - ARTESIA

NSL-

Required to Produce

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

Chesapeake Operating Inc.
Queen Lake 19 Federal 2
2550 FNL 1649 FWL, SENW
of Section 19-24S-29E
Eddy County, NM

Confidential – Tight Hole
Lease No. NMNM 017224

#24 Attachment to Application for Permit to Drill or Re-enter

Chesapeake Operating, Inc. respectfully requests permission to drill a well to 10,000' to test the Strawn formation. If productive, casing will be run and the well completed. If dry, the well will be plugged and abandoned as per BLM and New Mexico Oil Conservation Division requirements.

The location that was submitted on the Notice of Staking has changed per request by the BLM.

Please find the Surface Use Plan and Drilling Plan as required by Onshore Order No. 1. A general rig plat is attached as Exhibit D. A final rig plat will be submitted prior to spud.

Chesapeake Operating, Inc. has an agreement with the grazing lessee.

Please be advised that Chesapeake Operating, Inc. is considered to be the Operator of the above mentioned well. Chesapeake Operating, Inc. agrees to be responsible under the terms and conditions of the lease for the operations conducted upon the lease lands.